

FINAL BILL REPORT

SHB 3206

C 28 L 08

Synopsis as Enacted

Brief Description: Concerning the information required to be reported in the annual economic impact report on lodging tax revenues.

Sponsors: By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Haler, Rolfes and Santos).

House Committee on Community & Economic Development & Trade
Senate Committee on Economic Development, Trade & Management

Background:

Lodging Tax.

The lodging tax, also known as the local hotel-motel tax, is applied to charges for lodging at hotels, motels, rooming houses, private campgrounds, recreational vehicle parks, and similar facilities for continuous periods of less than one month. All cities and counties that levy the tax have adopted the maximum rate of 2.0 percent. The tax is credited against the state retail sales tax of 6.5 percent in order to prevent the customer from incurring an additional tax.

Initially authorized in 1967 to provide King County with a funding source for the building of the KingDome, the lodging tax has been incrementally expanded over the years to cover additional cities, counties, and uses. In 1997 the Legislature repealed the assortment of multiple uses and required that future lodging tax revenues be used for tourism-related purposes.

Tourism Promotion Expenditures.

Substitute Senate Bill 5647, enacted in 2007, expanded the definition of "tourism promotion." Lodging tax revenues may now be used for operating expenditures for tourism promotion and for special events and festivals designed to attract tourists. The definition of "tourism-related facility" also was modified to include property owned by a public entity or by a nonprofit organization including 501(c)(6) organizations such as chambers of commerce, destination marketing organizations, and main street organizations.

Substitute Senate Bill 5647 also required local governments that use the lodging tax revenues to submit annual economic impact reports to the Department of Community, Trade and Economic Development (DCTED) beginning January 1, 2008. The reports must include the amount of revenue spent on each tourism-related activity or facility owned by a nonprofit organization and the estimated number of tourists and lodging stays generated by such an activity or facility.

Summary:

Beginning with calendar year 2008, a local jurisdiction that uses lodging tax revenues for tourism-related purposes must submit an annual economic impact report to the DCTED for expenditures made on or after January 1, 2008. The report must contain expenditure information for both the local jurisdiction and for section 501(c)(3) and section 501(c)(6) nonprofit organizations. The report must include data on festivals, special events or facilities that are sponsored or owned by the local government or by nonprofit organizations. The report is no longer required to include data on the estimated increase in sales and use tax revenues attributable to special events, festivals, or tourism-related facilities.

Votes on Final Passage:

House	94	1
Senate	46	0

Effective: June 12, 2008